

July 13, 2006

Federal Trade Commission

Dear Sir or Madam:

Let me begin by say that I applaud your efforts to bring some controls to the area of US Business opportunities. I have been an independent business owner (IBO) affiliated with Quixtar since it's inception in September of 1999. And, while I haven't reached my ultimate financial goals, this business has had a dramatic effect on the lives of my family and myself. I have progressed in my career more so than I would have normally because of the information, training, and experiences I have had with this business opportunity. Additionally, the financial levels that I have obtained in this business have allowed my family to do things that normally would have been out of our reach, monetarily.

As Independent Business Owners, my teammates and myself frequently have to deal with the negative wake left behind by others. My concern is, however, that the proposed rules will have a negative effect on the honest business owner while not corralling the business opportunities that chose to operate in a less than ethical manner. A set of rules or guide lines should level the playing field not impose undue burdens on the business owners.

Some of my concerns are specifically:

Providing a list of litigation against a seller and their key personnel is pretty vague. Is this to be a list of every IBO that someone has an issue with? Or, is this to be a list of every IBO and merchant partner that someone has filled against. Other questions that spring to mind are:

- a How recent is this to be? Is this information to be updated weekly, monthly, yearly, what?
 - b What about litigation that is brought against an individual or company that has or is found to have no merit ?
 - c What about the issue of equal treatment under the law? If this rule were to be enacted then shouldn't companies such as McDonalds, Target, Wal Mart, et-al be required to post any and all litigation that is pending against them? They're sellers are well, aren't they?
- 2) Providing financial substantiation and earning disclosures again seems very vague and somewhat subjective. During our business presentations, my team and I always show the prospect a SA-4400 which blocks out a normalized business as well as providing them with the monthly earnings for the average IBO. Additionally, I'm not that comfortable providing others with my financial information. I don't feel that what I have been able to obtain financial is relevant to anyone deciding to become involved with the business opportunity that we're offering. In fact, I believe that there could be more trouble than benefit with it. Such a rule could:
- a Create a level of hostility between teammates as this information is disclosed. After all this is a business where you are rewarded on your efforts. If someone chooses to work harder at the business than the next person they will be rewarded more than the other person will. Maybe we should take the lesson from corporate America and keep this information confidential.
 - b Impose an unjustified burden on newer IBOs that are just getting started or are beginning to engage in the process. Their earnings may not be that impressive today but will be tomorrow. But to reach

their tomorrow they have to make it through today. Having to justify ones earnings could and can be pretty intimidating to a new IBO.

- c Place the focus of what the business can do on the presenter not on the prospect, as it should be. Again, this is a business in which one is rewarded for their efforts not for the position in the organization that they occupy. When push comes to shove, what will get a person moving is their dreams and goals, not what I have been able to do financially.
 - d Severely hinder our business with having to look at possible business structure that is obtainable within this business opportunity which is extremely substantial. There are literally hundreds, if not thousands, of business organizations that can be built with this business opportunity. For example, we normally go out to a simple Emerald level when presenting the business to a prospect. To present every variant of how a Emerald business could be structured could take days to cover and in the end would only serve to completely confuse the prospect.
- 3) Having a requirement of waiting seven days before being able to register again seem unfair to someone that sees the opportunity being presented and wants to get going right away. If they are eager to get going why should they be hampered? If either my team or I encounter someone that wants more time we are more than happy to give it to him or her. After all it is easier to run with a hundred than to drag one. In addition, I'm also concerned with:
- a The equal application under the law here as well. If a sales person were to come to my door or call me on the phone I have the right to rescind up to three days later even though I may have initially accepted their offer. If this is valid for solicited sales then why not for us?
 - b Most individuals, including myself, come into the business without having much business experience in terms of business ownership. These are lessons that we have to learn along the way and at different times we may question if what we're doing. This is normal and has happened to everyone in our team. Waiting seven days will not change this.
- 4) Providing a list of local Business Owners for a prospect to contact is again a nice idea on the surface, but has some serious flaws. What if I have moved into a new town and I don't know of any local IBOs? Or, what if I'm the only INA IBO in that town. Do I solicit IBOs from another sponsoring organization? What if they have a bigger presence in that town than INA. Does the prospect go with them? And, we haven't even begun to address the issues of privacy for the other IBOs or myself. In this day and age of identity theft this doesn't seem like such a good idea.

Maybe some other thoughts for safe guarding the interests of both prospects and business owners would be to:

- 1) Require that during the business presentation the prospect is informed as to whether or not the business's compensation plan has been reviewed and approved by the FTC. This would let the prospect know that the business opportunity has been reviewed and found to be worthy of government approval. It also sends the message the business opportunity is fair and just so the prospect wouldn't need a list of other local IBOs as a reference.
- 2) Given the above requirement the prospect should be give a document, such as a SA-4400 that depicts a normalized business and provides a official statement as to the monthly earnings of an average IBO. This should meet both the requirements for disclosing financial information. The information is consistent and can be easily validated. It also makes more sense in showing them what is generally possible rather than basing it on what I have been able to do with the business opportunity.
- 3) Require all business opportunities that are offered in the United States to offer a three-day or possibly a seven-day right to rescind. The prospect would then be reimbursed their money minus any consumable



products that were included in the signup and were provided to them. For example, the initial sign up cost incurred by a prospect for our business opportunity is, currently, \$182.50 of which \$60 dollars is in the form of consumable products from Quixtar. If the prospect were to opt out of the business during this period of time, they would be reimbursed \$122.50 (\$182.50 - \$60.00). It would also be required that this information be shared with the prospect up front before registration.

- 4) In response to providing a prospect with a "litigation list" a better idea might be to have either the FTC or the Better Business Burrow provide web-site that contains a list of cases against all sellers which have been found as valid by the courts. In other words, the list would be an official source that contains only case that have been adjudicated and found to have merit. Prospects could be directed to this web-site while investigating the opportunity.

In the final analysis though not everyone will choose to develop the mental thought patterns or toughness that is required to succeed in business. We have all been conditioned to be employees living in the E quadrant as Robert Kiyosaki put it. Therefore, the intent here should be to protect a prospect by rewarding honest ethical business opportunities by allowing them to flourish not hindering them unduly. Punishment should only be leveled on those business opportunities that operate in non-ethical or questionable manners.

Thank you for you time and consideration of my thoughts on this matter. Have a truly wonderful day.

Best regards,

Robert L. (Tip) Rouse
Partner –
RSR International